

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Southern California Gas Company (U 904 G) Regarding Year Nine (2002-2003) of Its Gas Cost Incentive Mechanism.

Application 03-06-021  
(Filed June 16, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING SETTING  
A PREHEARING CONFERENCE FOR YEAR NINE  
OF THE GAS COST INCENTIVE MECHANISM**

Southern California Gas Company (SoCalGas) filed its Year Nine Gas Cost Incentive Mechanism (GCIM) application on June 16, 2003. SoCalGas requests a GCIM shareholder reward of \$6.3 million pursuant to the revised GCIM established in Decision (D.) 02-06-023.

A response to the application was filed by the Office of Ratepayer Advocates (ORA), and a protest to the application was filed by Southern California Edison Company (SCE).

SCE's protest states that it has been an active participant in SoCalGas' prior GCIM proceedings. In those proceedings, SCE "has asserted that the GCIM mechanism creates perverse incentives, harms noncore customers, and has a detrimental impact on California energy markets." (SCE Protest, p. 2.) SCE also states that it has been active in the Commission's Investigation (I.) 02-11-040 into the cause of the natural gas border price spikes from March 2000 through May 2001, and that the first phase of that investigation is focusing on the Sempra energy companies, and the issues raised in SoCalGas' GCIM proceeding.

SCE's protest also refers to the March 18, 2003 revised scoping memos in Application (A.) 01-06-027 and A.02-06-035. Those revised scoping memos stated that there might be a need for evidentiary hearings in the Year Seven and Year Eight GCIM proceedings, depending on the outcome of I.02-11-040. SCE states that "the Commission should make the Year Nine proceeding subject to the outcome of the investigation," and that it would be "illogical and premature for the Commission to proceed with Year Nine GCIM proceeding while the investigation is on-going and when Years Seven and Eight proceedings remain opened." (SCE Protest, pp. 2-3.)

ORA's response agrees with SoCalGas that a hearing may not be needed for this proceeding. ORA's response also states that it is preparing its annual monitoring and evaluation report.

SoCalGas filed a reply to SCE's protest. The reply points out that SCE's protest did not reference the further revised scoping memos of May 21, 2003 in A.01-06-027 and A.02-06-035, and the June 25, 2003 draft decisions in those two proceedings. SoCalGas contends that since the Year Seven and Year Eight decisions are not waiting for the results of I.02-11-040, that "there is simply no reason to delay a decision in this proceeding either." SoCalGas also points out that the Year Nine activities, which run from April 1, 2002 through March 31, 2003, are outside the time period being considered in I.02-11-040.

The Commission issued D.03-08-064 (Year Eight) and D.03-08-065 (Year Seven) on August 21, 2003. Those two decisions awarded SoCalGas the shareholder awards it had requested, and ordered that the shareholder award amounts be subject to refund or adjustment as may be determined in I.02-11-040.

ORA's Monitoring and Evaluation Report for Year Nine was issued on October 31, 2003. The report concludes that "SoCalGas should be authorized to

recover the incentive award of \$6.3 million....” (ORA Year Nine Report, p. 1-1.) ORA’s report did not identify any other issues that require a hearing.

A prehearing conference (PHC) will be held on December 12, 2003 at 10:00 a.m. in the Commission’s Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California to discuss whether any evidentiary hearings are needed to litigate any issues raised by SCE or ORA. Based on the pleadings filed so far, ORA’s report, and the time period being examined in I.02-11-040, it appears that this proceeding can be resolved without the need for an evidentiary hearing.

SoCalGas and other interested parties may file PHC statements regarding what issues they believe need to be resolved, whether hearings are necessary, and their proposed schedule for resolving this application. The PHC statements are to be filed on or before December 10, 2003, and an electronic copy shall be transmitted to the undersigned and the service list in A.01-06-027 and A.02-06-035.

**IT IS RULED** that:

1. A prehearing conference (PHC) will be held on December 12, 2003 at 10:00 a.m. in the Commission’s Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
2. Southern California Gas Company and other interested parties may file PHC statements with the Docket Office on or before December 10, 2003.
  - a. The PHC statements should address what issues need to be resolved, whether hearings are needed to resolve the issues, and a proposed schedule for resolving the issues.

- b. A copy of the PHC statement shall be electronically served on the undersigned (jsw@cpuc.ca.gov) and to the service list in Applications (A.) 01-06-027 and A.02-06-035.

Dated November 24, 2003 at San Francisco, California.

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/s/ JOHN S. WONG  
John S. Wong  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Setting a Prehearing Conference for Year Nine of the Gas Cost Incentive Mechanism on all parties of record in this proceeding or their attorneys of record.

Dated November 24, 2003, at San Francisco, California.

/s/ ELIZABETH LEWIS

Elizabeth Lewis

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at

A.03-06-021 JSW/hl2

(415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.